

DEPOSIT MONEY BANKS AND PERFORMANCE OF NON-OIL EXPORTING SMALL AND MEDIUM ENTERPRISES IN NIGERIA: A SYSTEMATIC REVIEW

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ABSTRACT

Banks in the developed countries provide critical resources and support that enable non-oil exporting firms to innovate, expand their market reach, mitigate risk and enhance their competitiveness on a global scale. This study reviews the roles of deposit money banks on non-oil exporting firms in Nigeria. In this systematic review, 382 empirical papers were downloaded from major academic databases such as Scopus and Web of Science were used for peer-reviewed articles. Additional searches were conducted in Google Scholar and ResearchGate. Evidence synthesized from the reviews reveal that deposit money banks have positively contributed to the growth of non-oil exports in Nigeria but the financial institutions have capacity to significantly enhance superlative growth of non-oil exports. The study recommends that government should provide long term, low cost on-lending funding, enact relevant policies that will encourage, de-risk and make the banks lend more to the non-oil exporting firms. The findings have important implications for regulators and promoters of non-oil export business including Central Bank of Nigeria, Nigeria Export Promotion Council, Nigeria Export and Import Bank, commercial banks, inspection agents and the exporting firms, highlighting the collaborative roles they need to play in a bid improve non-oil export performance.

Keywords: *Deposit Money Banks, Performance of Non-oil Exports, Non-oil Exporting firms, Non-oil Exporting Small and Medium Scale Enterprises.*

Introduction

In developed countries, the role of deposit money banks in supporting non-oil exporting firms is vital for fostering economic growth and innovation. Unlike economies heavily reliant on natural resources, developed nations have diversified their economic activities, with non-oil sectors becoming key players in driving GDP growth (Okoli et al., 2023). Banks are known to lend money and provide other financial instruments that enable companies to invest in technology, expand and compete in the global markets. The availability of financing, particularly to non-oil companies, is critical, as it enables them to make spending that will enable them to become more productive and expand their market (Anyanwu & Ojima, 2021). Conversely, the connection between the availability of loans and business performance may be influenced by various

factors, including the regulatory environment, interest rates, or the economic situation (Ekwunife et al., 2021).

Available information indicates that although the financial sector development index in Nigeria is rising, it remains superficial and seems undeveloped in comparison to the International Monetary Fund [IMF] data of 2022. For example, Nigeria's financial sector development index increased from 0.19 in 1986 to 0.22 in 2020, but South Africa and Malaysia saw growth from 0.32 and 0.31 to 0.62 and 0.73, respectively, during the same period (IMF, 2022). Taiwo (2022) reported that over 70% export loan request were rejected by deposit money banks in Nigeria. The report revealed that 81 per cent out of the rejected financing, were pre-exports loans, while 19% out of the rejected loans request was pre-shipment credit. 42% out of the rejected credit was refused without any reason from the banks. 21% of the rejected export financing request was as a result of lack or inadequate collateral security while eight per cent could not access the loan due to inadequate documentation. Okere, Njoku & Nwosu (2020), reported the banks as perceiving the non-oil export industry as high-risk sector and consequently showed a level of reluctance in extending the needed credits to the SMEs.

Shaibu (2025) reported that Nigeria's Export-to-Gross Domestic Product ratio is low at 9.2%, compared to Ghana 34%, South Africa 32.8%, Senegal 23%. The report emphasized the need to focus more on increasing our exports earnings. Non-oil sector accounts for only 10% earnings from aggregate exports in Nigeria (Onuegbu et al., 2022). Central Bank of Nigeria (CBN) adjusted Monetary Policy Rate (MPR) from 18.75% per annum in July 2023 sequentially to 27.5% per annum in September 2024. Standing Lending Facility (SLF) rate was also raised to 31.75% per annum in August 2024. These adjustments which impact directly on the cost of loan in the country were raised to combat the rising inflation in the country according to the CBN. These increased interest rates would consequently have effect on highly competitive non-oil exporting firms that operate within the same global market and compete with companies from other nations that can secure loans at much lower interest rates for their non-oil export activities. Non-oil exporting sector is one of the major sources of foreign currency inflow to the country, essential for settling import bills and other foreign currency-denominated commitments and loans for the nation, organizations, and

people. Other significant sources of foreign cash influx into the nation include oil export, remittances from the diaspora and direct foreign investment.

This paper utilizes a systematic review research design to examine the empirical and conceptual evidence on the impact of deposit money banks on non-oil exporting firms in Nigeria. The design is based on the PRISMA 2020 framework for transparency, replicability and methodological rigor. Peer reviewed publications were searched in major databases, such as Scopus and Web of Science. Additional searches were also done in ResearchGate and Google Scholar. For the purpose of this study, literature is considered eligible if it focuses on the relationship between deposit money banks largely and non-oil exporting, small medium scale enterprises between 2015 and 2025. The accepted literature included reviewed and published journal articles, reports in policy and consultancy papers from 2015 to 2025. Studies focusing exclusively on oil-sector financing, macroeconomic banking reforms without firm-level impact analysis, or purely theoretical discussions without empirical grounding were excluded. Empirical studies earlier than 2015 were also excluded in the systematic review.

Research Questions

- i. What is the impact of deposit money bank on the non-oil exports in Nigeria?
- ii. What is the relationship between deposit money banks and performance of non-oil exporting firms in Nigeria?

Objective of the Study

The overall objective of this study is to

1. review the impact of deposit money banks on the non-oil exports in Nigeria.
- ii. to synthesize evidence on the relationship between deposit money bank and performance of non-oil exporting firms in Nigeria.

Significance of the Study

It will provide the needed information to scholars, relevant government agencies, and entrepreneurs on the impact of money deposit bank on the development of non-oil exports in Nigeria. Foreign exchange volatility and unemployment are part of the major challenges facing Nigeria currently. An optimally performing non-oil exporting industry is expected to ameliorate these dual problems and generally contribute more to the economic growth of the nation.

Literature Review

Daramola (2024) investigated the relationship between credit and non-oil exports of DMBs in Nigeria during the period of time between 1986 and 2022. Also, an analysis of this data is done by the bounds test co-integration process of autoregressive distributed lag (ARDL). Based on the results, one can observe that the credit of DMBs and exchange rates are positively related by a significant positive ratio (probability less than 0.05). Moreover, there is a strong negative relationship between the lending rate of DMBs and inflation rate and the gross fixed capital creation is negatively related with non-oil exports in Nigeria. These two relations are both negative. Based on the causality test, it can be concluded that

there are no indications of causality relationship between the level of non-oil exports in Nigeria, the exchange rate, and the level of bank credit extended to non-oil industries. Although there is a mixed relationship between the gross fixed capital creation, the lending rate of the banks, and the inflation rate in Nigeria, and the non-oil exports, the relationship is unidirectional.

Okosodo and Imoughele (2019) used a study to examine the relationship between deposit money bank credit and increase in non-oil export in Nigeria over the period of 1986 and 2016. The Auto Regressive Distributed Lag (ARDL) bounds testing method of co-integration analysis is employed in a bid to obtain a view of the long-term relationship that exists between the time series data under consideration. Empirical results indicated that the relationship between deposit money bank credit and the export sector and the Nigerian export sector is negative and noticeable. Moreover, short run, the correlation between deposit money bank credit and the Nigerian export sector is direct and significant at lag one and two. What we can conclude with is that the constant supply of credit to the export industry is interrelated with the process of boosting export of goods and services in the Nigerian economy. Moreover, the findings of the stability test conducted based on the Cumulative Sum (CUSUM) and Cumulative Sum of Square (CUSUM Q) of the residual revealed that the ARDL model is stable.

Ogunjumo (2024) using autoregressive distributed lag and non-linear autoregressive distributed lag methodologies and focusing on the period of 1986-2020, the authors focused their attention on the dynamics of the growth of the financial sector, on export of non-oil goods. The results of the empirical research identified that there is a linear relationship between the development of the financial sector and the export of non-oil products. The other thing that was learned was that expansion of financial industry of the country affects the exportation of non-oil related items adversely in the short-term. Nevertheless, the growth of the financial sector has no relationship with the export of non-oil products in the long term. This, in turn, inappropriate the conceptual idea that trade and the development of the financial sphere are correlated at a particular time.

Ambali (2022) examined the role that Merchant Banks play in the process of funding the non-oil export sector. This investigation was conducted with an aim of establishing whether or not the loans and advances that the Merchant Banks make to the non-oil export sector is positive to the Gross National Product, and the volume of total deposit that is mobilized by the Merchant Banks to lend and give loans to the non-oil export sector. The descriptive survey method was used to achieve this research and a random sample of six Merchant Banks was selected to attend to the study. Such questionnaires were distributed to the requested respondents and the collected data were analyzed through the Pearson Moment Correlations. Further, a t-test was also applied to see whether or not a significant relationship existed between the variables that were under consideration now. The result of the implied tested hypotheses is that the contribution of Merchant banks in terms of grant of loan and advance to non-oil export sector is not encouraging; there is a positive correlation between the loan and the advances to the Gross National Product in Nigeria and the ratio of total deposit to the non-oil export sector loan and advance is negative. The role the merchant banks played in providing loan and advances cannot be overemphasized since this is attested by the researches granted to the non-oil export

industry since it can improve the foreign exchange of Nigeria in addition to triggering economic growth.

Gbarato et al. (2020) studied in-depth phenomenon commonly known as the non-oil-export-stimulation facility (NESF) and its influence on the performance of non-oil exports in Nigeria. NESF is an investment in a debenture issued by the Central Bank of Nigeria (CBN) at a ten-year period and having a non-oil export sector credit of N500 billion naira, which is set to commence in 2017. A brief analysis of the Nigeria Export and Import Bank (NEXIM) with the help of the percentage growth rate and the graphical trend of the non-oil export activities in the period of incubating and implementing, which are 2017 and 2019 respectively, determined alarming growth of the non-oil export activities in the period of 2017 to 2019 respectively. This is even as the perceived corruption in the operations of the Nigerian Export and Import Bank (NEXIM) were being audited in a manner that has frozen the past programs which were similar to the one that was being audited. Despite negative growth rates in the country of 15.5, 30.8, and 0.6 in 2014, 2015, and 2016 respectively, the country suffered negative growth rates in the oil industry, which were 63.7, 32.6, and 124.9 in 2017, 2018, and 2019 respectively. This was even though the country registered negative growth rate in those years. Moreover, the results of the ARDL indicated a positive effect on RGDP that has been caused by exports of non-oil commodities. This indicates that there is a lot of optimism concerning the economic boom that Nigeria is undergoing in the event that the NESF is managed in a wise way.

Elechi and colleagues (2016) explored the role of banks in increasing non-oil exports in Nigeria. By means of Granger causality and co-integration analysis the researchers could test the available data during the period between 1990 and 2013. According to the data, it was found out, that there is a long-term correlation between the credit of banks and stimulation of non-oil export. This implies that banks are making a relatively small contribution towards non-oil export industries. Moreover, the aim of the test of causality was to determine beyond reasonable doubt that the two variables did not have any causal relation.

Akpan et al. (2017) also conducted researches on exports of non-oil products, economic growth, and the development of the financial sector. To do the tests of causality and the Johansen Co-integration test, the authors have utilized the data between 1985 and 2015, which contained data on the private sector credit, lending rates, bank deposits, market capitalization, and GDP. It was found that the economy expansion had a bi-directional causation i.e. was caused by credit within the private sector, deposits in the banks and market capitalization. Moreover, it was indicated that the lending rates had a direct cause and effect relationship with the growth of the economy in one direction.

Jeff-Anyene et al. (2016) examined how the banks in Nigeria contribute to the development of non-oil manufacturing export. The econometric analysis of time series was also used in the research paper to determine the role of the Nigerian banks credit in the performance of the non-oil exports and the presence of a causal relationship between the performances of the non-oil exports and the non-oil exports themselves and the direction of the causal relationship. The unit test, co-integration test and the Granger causality test were the empirical tests that were conducted to meet the objectives. This test regressed the change in performance of non-oil exports, with credit of the commercial banks to non-oil exports, the rate of interest, and

inflation by way of annual series of the year 1990 to 2013. The statistics bulletin published by the Central Bank of Nigeria was used to collect the data. According to the results of the study, it was established that the role played by the banks in Nigeria regarding enhancement of non-oil exports cannot be regarded as being satisfactory. It was also noted that the credit that the bank supplies to non-oil export of the non-oil banks to non-oil export has a long-term correlation with that of the non-oil exports which is not causal to the outcome of the non-oil exports.

Emmanuel et al. (2017) organized a study to prove the correlation of the growth of the Nigerian economy, the growth of financial sector, and export of non-oil products. To use credit to the private sector and total bank deposits as a proxy variable, the analysis was based on the determination of the evolution of the financial sector and the GDP to quantify the economic growth. Also, market capitalization and money market instruments were used as the proxy variable. The analysis data were between 1985 and 2015. The Augmented Dickey Fuller (ADF) and Phillip Perron (PP) were conducted on the basis of the first difference to establish whether all the variables were stationary. Johansen Cointegration test results proved that long-term relationship existed between the growth of the financial sector, the growth of the economy, and the export of other non-oil industries. The Granger causality test indicates that the causality relationships are bidirectional and exist between total bank deposits and credit provided to the private sector and market capitalization and the growth of the domestic economy. Moreover, the unidirectional causality between the prime lending rate and the economic development existed. Drawing on the results of the study, one can conclude that three out of five proxy variables that relate to the development of the financial industry had a significant causative impact on the growth of the economy. Consequently, the data show that the relationship between the development of the financial sector and the economic growth has a reciprocal relationship. This correlation denotes that increase of the financial sector will result in the same increase in economy and vice versa.

Theoretical Framework

Theory of Financial Intermediation

The existing theory of financial intermediation is more so concerned with the roles that financial intermediation would assume, how financial intermediation would impact the entire economy, and how government policies would impact financial intermediaries. Financial intermediation theory has highlighted the existence of a financial intermediary in the context of an economy. Most of the researches that have been analyzed have underlined the role of the financial intermediaries in guaranteeing a sustainable economic growth. Also, most of the literature has emphasized the impact of the regulation on financial intermediation, where the central bank has strengthened the regulation, supervision, and control of financial intermediaries (Charles, 2025).

It was not until the 20th century that the concept of financial intermediation was developed and the contributions of Gurley and Shaw (1960) was the first move towards the creation of this theory. The concept of informational asymmetry as well as agency theory are the building blocks, on which the theory of financial intermediation is based. The theory suggests that the presence of financial intermediaries can be described through the existence of the following sets of factors: high cost of

transaction, insufficient information within usable time and the regulation technique.

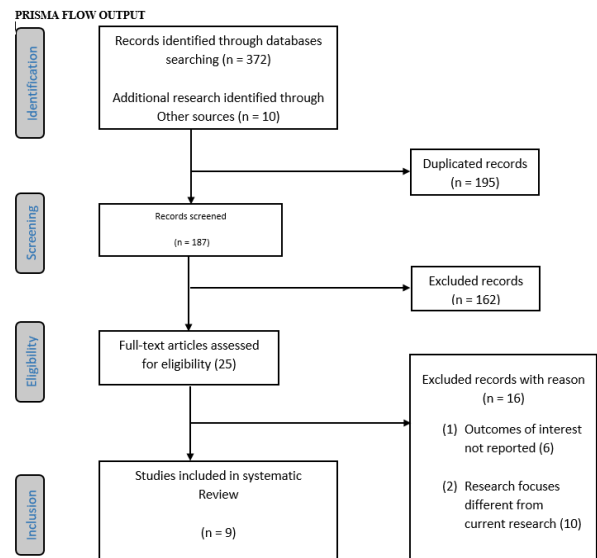
The informational asymmetry argument has proved to be the most significant and commonly applied factor in the researchers conducted on the issue of financial intermediation. This asymmetry may be either of the two types: *ex ante*, which spawns the so-called problem of adverse selection; concomitant, which spawns the moral hazard; or *ex post*, which spawns the demand of some costly verification and auditing facilities or even compulsory enforcement of the debtor. The Arrow-Debreu theory asserts that informational asymmetry is the cause of market defects, market non-conformities to the concept of a perfect market.

The model of perfect financial markets is the neoclassical theory that makes the following assumptions: none of the participants can affect the price, all the participants are given identical terms of placing or borrowing, there are no discriminatory terms, the participants are given the same terms at the competitive level, the financial markets are homogeneous, divisible, and transactional, and the availability of the complete information of the factors and elements that could influence the current or future value of the financial instruments is given to all of the participants. To a large extent, some types of transaction costs are caused by the flaws that are created by informational asymmetry. It has been noted as well that the financial middlemen have evolved to ensure that such expenses are removed at least partially. As an example, Diamond and Dybvig (1983) view banks as a pool of depositors insuring those who save up against the risks that can befall their liquidity position. This is one way of relating between banks and depositors. According to Leland and Pyle (1977), financial intermediaries are a coalition that is interested in sharing information. Diamond (1984) offers some pieces of evidence that these financial intermediaries serve the purpose of empowering individuals authorized to accrue savings and attain economies of scale. This leads to the result that the hoarders of money invest their savings with them so that they can be invested in any scheme they perceive as advantageous. The depositors can withdraw their money at any time within the parameters that were previously agreed with. These are the research articles that address the informational asymmetry approach, that is, the problem of the relationship between the bank and creditors or the bank and debtors, respectively. As far as the interaction between the bank and the borrower is concerned, the main issues, which are under investigation, are the role of the selection bank and the monitoring of the loans, which have been issued and the issues of the moral hazard and adverse selection situations. Special attention to the conditions under which depositors are predetermined to take their money back earlier than the maturity date is paid. The second method of the financial intermediation is the argument of the transaction cost. This is since the matter between the bank and the depositors (creditors) is under consideration. The first approach was developed by Benston and Smith (1976). As opposed to the first technique, this one contradicts the principle of perfect markets, as they are in contrast to each other. The differences in technologies used by the participant are the basis of the strategy. This is why the middlemen are defined as a group of individual creditors or debtors that utilize the scale economy at the transaction-technology level. When defining the concept of transaction cost, what is encompassed is not only the costs of the transfer costs the amounts that are given or the foreign exchange costs but also the costs of the research,

evaluation] and monitoring hence, the liquidity and diversification of placements opportunities offered by the transformation of the characteristics (due date, liquidity etc.), of assets they are known as the qualitative transformation of financial assets. The financial intermediary strategy rests on the regulation of the generation of money, saving of money and financing the economy. This is the third technique employed by financial intermediaries. The regulatory approach may affect the liquidity and solvability of intermediaries. To have a deeper insight into the role that financial intermediary e.g., banks play in the development of enterprises as well as the economy, this theory was incorporated into the research.

Gap and Rationale for the Study.

Using the systematic review as a basis to draw insights made by Bashehab and Perai (2023), it is clear that although there is a lot of research on the profitability of oil and non-oil firms across the world, few studies specifically focused on exploring the financial support from deposit money banks to non-oil exporters in Nigeria with inferences made. The issue is equally prominent as the development index of the financial sector in Nigeria is far lower than other economies of its peers like South Africa, and even Malaysia even though Nigeria has recorded very slight gains in this sector, it is still far below other countries (IMF, 2022). According to Taiwo (2022), over 70% of borrowing pleas by non-oil exporting companies are not granted by the banks. The Export-to-GDP ratio in Nigeria is only 9.2 percent, lower than Ghana (34%), South Africa (32.8%), and Senegal (23%) which also contributes to the urgency of knowing the role of banks in the optimization of the non-oil export opportunities in the country (Shaibu, 2025). Moreover, the necessity to earn more non-oil exports revenue to regulate the foreign exchange volatility to stabilize the naira is paramount at this period. Therefore, the research aims at contributing to the literature gaps through synthesis of evidence to determine the scope of deposit money banks' support for non-oil exporting firms vis-a-vis improving the financing gap, increasing the export earnings, the economic resilience and productive investment of the non-oil exports.



RISMA Flow diagram of the studies included in the review

The PRISMA flow diagram visually represents the selection process used in this systematic review to identify and include relevant studies examining the influence of deposit money banks (DMBs) on the performance of non-oil exporting firms in Nigeria, with specific emphasis on operational growth and investment outcomes. The process began with the identification of 372 studies through electronic databases, along with 10 additional articles obtained from other sources, totaling 382 records. After a rigorous de-duplication process, 195 duplicate records were removed, leaving 187 articles to be screened. From the initial screening, 162 records were excluded for not meeting the relevance criteria or for methodological limitations. The remaining 25 full-text articles were assessed for eligibility. Following a more detailed appraisal, 10 of these were excluded while six articles failed to report outcomes relevant to the focus of this review. In total, 9 studies were selected for inclusion in the systematic review.

Result and Discussion

The findings will be discussed within the contours of the nine emergent themes which encapsulate the systemic role and constraints of Deposit Money Banks (DMBs) in the enhancement of the performance of non-oil exporting firms in Nigeria. These themes were built using the dialectics of both inductive and deductive coding within the framework of overseeing the nine empirical studies (Daramola, 2024; Okosoda, and Imoughele (2019); Ogunjumo (2024); Ambali (2022); Gbarato, Cooney and Visan (2020); Elechi et al. (2016); Akpan et al. (2017); Jeff-Anyene, et al. (2016) and Emmanuel et al. (2017).

All these nine evidences provide a thorough insight into how credit obtained through the deposit money banks influence the growth curves and the ability of the non-oil exporting firms of Nigeria to invest in the country. According to Daramola (2024), there is evidence showing that the credit and non-oil export performance of DMBs are significantly positively related and that the high rates of lending and inflation are detrimental to growth. Akpan et al. (2017) and Ogunjumo (2024) revealed a bi-directional causality, with bank credit influencing non-oil export growth and economic growth at large. Emmanuel, Eleazar and Gamaliel (2017) as well as Gbarato, Cooney and Visan (2020) also concluded that bank's credit and export stimulation facility have positive impact on the growth of non-oil export industry in Nigeria. While majority of the reviews reported the positive contribution of the bank to the growth of non-oil exports, Elechi et al. (2016) together with Okosodo, and Imoughele (2019) revealed that the bank's contribution is low and insignificant. Jeff-Anyene, Ezu and Ananwude (2016) and Ambali (2022) also provided evidence in support of positive but low contribution by the deposit money banks to the growth of non-oil exporting firms in Nigeria.

The synthesis of these findings underscores the urgent need to interrogate the role of DMBs in providing sustainable financial support to non-oil exporters in Nigeria. The methodological justification of this systematic review can be explained by the discrepancy of empirical data and the topicality of non-oil export as a factor in diversification of the Nigerian economy. In spite of the policies and institutional frameworks, lack of operating financing and unfavorable investment environment hampers the development of business without oil. This literature explains how development-based businesses (DMBs)

may enhance the performance of firms, productivity in a non-oil sector, and competitiveness in export markets.

The macroeconomic environment in Nigeria is unstable and the DMBs find it hard to sustain the non-oil sector. Inflation, as Daramola (2024) asserts, decreases the real worth of bank credit, and its ability to produce high amounts of exports. According to Gbarato et al. (2020), regulatory and policy inconsistencies were deemed to be a contributing factor, yet schemes such as export Stimulation facilities were usually hindered by the failure of administrations to act in a timely manner and sudden shifts in policy. The report highlighted that even well-structured export schemes fail to meet their objectives due to lack of coordination between fiscal, monetary, and trade policies. The findings across the reviewed studies underscore that macroeconomic distortions such as unpredictable business outlook, naira instability, inflation, and fragmented reforms have muted the intended impact of DMB interventions. Without a stable and predictable policy environment, even the best-intended banking supports may yield sub-optimal outcomes.

Conclusion

Apart from extension of credit, banks have other important roles they play in export business such as risk mitigation, international collaboration with trade counterparties, documentation and receipt of payment for the exported items. Non-oil exporting firms therefore rely on bank's role to ensure successful foreign trade. The findings of this study provide compelling evidence that Deposit Money Banks (DMBs) in Nigeria have supported the non-oil exporting firms to generate more export earnings as well as enhancing their operational growth and investment level but there is much more support that the banks can undertake to facilitate the growth and competitiveness of non-oil exporting firms. The collective findings reveal that though deposit money banks are enablers of non-oil export growth in Nigeria, structural gaps in credit delivery, high lending costs, weak macroeconomic conditions, and institutional inefficiencies have however, combined to restrict access to the capital needed for non-oil export performance of the SMEs. Although these banks are central to financial intermediation in the economy, their practices remain rigid, risk-averse to a level, and largely disconnected from the realities of non-oil export-led growth. Across the reviewed studies, a consistent pattern emerged: non-oil exporters still face substantial difficulties in accessing low cost credit, huge collateral demand and repayment structures that do not reflect the operational nature or cycles of the export products. The impact of the challenges facing the banking sector is amplified by the current macroeconomic environment characterized by naira volatility and inflation all of which lowers the impact of banking solutions and deepens the fear and uncertainty of investors. Besides access problems, the study shows that even when credit is available, it is rarely directed towards any long-term investments or the creation of new capital. High interest short term lending means that companies are discouraged from operational expansion, the purchase of new modern equipment, or the new entry into export markets. Such lending behaviors are out of line with the long waiting periods that are usual for export-led manufacturing and agro-processing firms.

Nigeria's DMBs seem to be equipped to drive export diversification, but the operational frameworks, products, and institutional partnerships need to be fundamentally reformed. Nigeria's DMBs, like many others, have primary products, and

those products do not attract additional strategic exports. Focused, flexible, and future-oriented financial products are needed to address the challenges and opportunities of the non-oil export markets. With direct and broad system changes, Nigeria's aspirations of a sustainable and strong economy based on imports will be hampered by the most persistent challenges identified in the analytical literature on the economy.

Recommendation

Government export agencies (DFIs, Nigeria Customs, Export Inspection Agencies, Nigeria Export Promotion Council, Central Bank of Nigeria, Ministry of Trade and Investment) must strengthen their handshake by realigning fiscal, monetary, and trade policies to synchronize with loan access, interest rate management, exchange rate management, grant management, data access, and general export support. Doing so would reduce many uncertainties, make intervention programs more efficient, and build market confidence. Banks could be supported with institutional changes that would allow them to obtain the information they need to make decisions, on-lend loans from the CBN at single-digit interest rates, and provide tailored loan products for export companies, with longer repayment periods and foreign exchange protection. This would allow banks to reduce non-performing loans and expand their portfolios in non-oil sectors. The other beneficiaries of access to better pre-export financing and capital would be non-oil firms, especially SMEs to increase production, gain market accessibility, and increase their competitiveness in the global front. The development banks such as NEXIM Bank would be able to work more closely with the commercial banks in order to jointly design risk-sharing instruments to the non-oil exporters. Last but not least, better systems of monitoring the export performance, credit efficiency, and sectoral flow could be provided to the inspection, information agencies and research institutions so that the reforms would be based on the latest evidence. These coordinated efforts are needed to make Nigeria realize the potential of its non-oil sector considering the financial and institutional challenges which have been identified in this research.

Suggestions for Future Study

The future studies must no longer be limited to secondary data but instead the researcher may need to conduct interviews with non-oil exporting companies, bankers and policymakers to understand how the financing of exports is in reality in Nigeria. Although available data sets and econometric models can give valuable broad trends, they can often overlook the realities of firms in their day-to-day lives of dealing with policies, financial institutions and market pressures. Firm-level case studies and interviews are thus required in-depth to unravel how loan applications are handled, the time taken in them being disbursed, and the rejection rates being high.

The differences between small and medium-sized enterprises and large exporters should also be considered closer in future studies because their relations with the banking system could hardly be similar. The policy suggestions would be further reinforced as it would be interesting to examine the influence of factors like gender, location and sector on export finance access. On top of that, comparison of research with other countries that have successfully used their banking systems to increase their exports can offer viable lessons to Nigeria. Last, it should lay more emphasis on the interaction between government export promotion agencies, commercial banks, and development finance institutions by the view of identifying

specific and attainable levels of reforms. Solving these gaps would contribute to creating evidence-based and context-sensitive solutions that would have the power to empower the non-oil export sector in Nigeria.

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